



## **INTERNAL AUDIT DIVISION**

### **REPORT 2021/059**

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#### **Audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan**

**The Mission needed to strengthen controls  
over inventory management to ensure stocks  
are properly accounted for and adequately  
safeguarded against loss through theft**

**8 December 2021  
Assignment No. AP2020-633-07**

# **Audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan (UNMISS). The objective of the audit was to assess the efficiency and effectiveness of the management of the centralized warehouse operations in UNMISS. The audit covered the period from July 2019 to June 2021 and included: (a) location, environment and security; (b) receiving and inspection; (c) warehouse operations; (d) health and safety; (e) property disposal activities; and (f) warehouse performance management.

The receiving and inspection function was working effectively as well as the process of writing off of assets and scrap. However, the Mission needed to strengthen controls over its inventory management to ensure stocks are properly accounted for and adequately safeguarded against loss through theft.

OIOS made six recommendations. To address issues identified in the audit, UNMISS needed to:

- Place containers on raised bases to mitigate risk of inventory being damaged by water;
- Implement the recommendations of the security risk assessments to strengthen security measures and reduce risk of loss through theft;
- Train technical sections staff on the stock reservations approval process in Umoja;
- Verify inventory items not physically checked for over two years, initiate write-off action for items that cannot be located for over 120 days, and ensure Umoja records are updated in a timely manner;
- Implement effective controls, including increased supervisory review, to ensure procedures for the issuance of stock from warehouses are adhered to and proper supporting documentation is in place; and
- Expedite the procurement of fire/smoke detection alarm systems to further mitigate health and safety risks.

UNMISS accepted the recommendations and has initiated action to implement them.

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# Audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan

## I. BACKGROUND

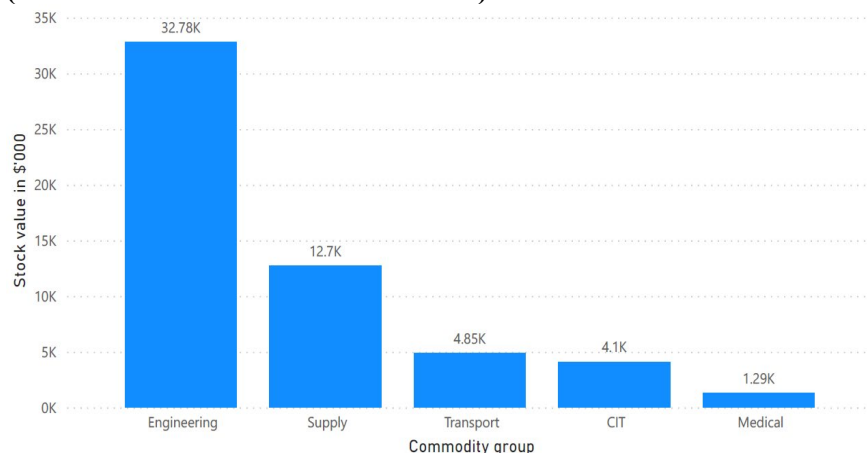
1. The Office of Internal Oversight Services (OIOS) conducted an audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan (UNMISS).

2. UNMISS operates a centralized warehouse system and had warehouses at its logistic base in Juba and at each of its 10 field office locations. The Centralized Warehouse Unit is responsible for core activities relating to warehousing, storage, and issuance of inventory. The Unit is also responsible for: (a) inspection of quality and quantity of goods received and updating Umoja; (b) ensuring inventory is properly stored and safeguarded; (c) requisitions, issuances, and distribution of goods from warehouses to users are authorized and executed timely; and (d) the disposal of assets. Technical sections are responsible for accounting for and managing assets and inventory entrusted to them including monitoring of consumption and expected deliveries, approval of stock issuances and shipments from one warehouse to another.

3. As of 30 June 2021, UNMISS had 17,576 inventory line items in its 11 warehouses valued at \$55.6 million. Most inventory was held in Juba (\$41 million), Bentiu (\$3.6 million) and Malakai (\$3.4 million).

4. Inventory in warehouses is categorized into five commodity groups: engineering, medical, information and communication technology (ICT), general supplies and transport. The stock values per commodity group are as shown in Chart 1.

Chart 1 - Stock value per commodity group as of 30 June 2021  
(In thousands of United States dollars)



5. The Centralized Warehouse Unit is headed by the Chief Centralized Warehouse Officer at the P-4 level who reports to the Director of Mission Support through the Chief, Warehouse and Commodity Management Section and Chief, Supply Chain Management pillar. For 2020/21, the Unit had 162 authorized posts made up of 25 international and 113 national staff posts and 24 United Nations Volunteers.

6. Warehouse operations in UNMISS are governed by the Department of Peace Operations and Department of Operational Support (DOS) Centralized Warehousing Operations Manual for Field Missions

(2018), complemented by Mission-specific warehouse standard operating procedures (SOPs) of July 2020. Umoja is the primary system for recording and managing inventory.

7. Comments provided by UNMISS are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the efficiency and effectiveness of the management of the centralized warehouse operations in UNMISS.

9. This audit was included in the 2021 risk-based work plan of OIOS due to operational and financial risks related to the operations of warehouses in UNMISS.

10. OIOS conducted this audit from June to September 2021. The audit covered the period from July 2019 to June 2021. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in warehouse management including: (a) location, environment and security; (b) receiving and inspection function; (c) warehouse operations; (d) health and safety; (e) property disposal activities; and (f) warehouse performance management.

11. The audit methodology included: (a) interview of key personnel; (b) review of relevant documents including headquarters quarterly property management performance reports, and 30 of the 240 field warehouses monthly occupational health and safety reports; (c) analytical review of inventory receipt and issue data extracted from Umoja; (d) random sample testing of 60 of 770 goods receipt vouchers, 526 of 118,565 stock issue/transfer vouchers, and 93 of 1,269 disposal notifications; (e) testing of all 35 bids for the sale of scrap/written off assets; and (f) physical inspection of 3 of the 11 warehouse sites and 651<sup>1</sup> expendable and 278 non-expendable inventory line items in Bentiu, Malakal and Juba. These three warehouse locations had 86 per cent of the inventory as of 30 June 2021.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Location, environment and security of warehouses**

#### Need for improved warehousing facilities

13. UNMISS constructed 12 rigid (K-span) warehouse structures costing about \$4.2 million in Aweil, Bentiu, Kuajok, Malakal, Juba, Rumbek, Torit and Yambio. These structures are suitable for inventory that is sensitive to high temperatures and humidity. However, one K-span in Juba was not in use because of unfinished electrical works that were delayed due to COVID-19 work restrictions, and another was being used for quarantining rotating troops since March 2020. The Mission also stored inventory in soft-skin structures and sea containers. OIOS observed that warehousing was not always adequate as: (a) two soft-skin structures in Juba storing transport spares were torn and flooded when it rained; and (b) the sea containers in Juba, Malakal and Bentiu were not mounted on raised bases and as they were located in low

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<sup>1</sup> Sample relates to 93 randomly selected items for the five commodity groups namely: engineering, medical, information and communication technology; supplies; and transport. Also selected 93 items from Bentiu and Malakal warehouses from all product categories.

lying areas, it made them susceptible to flooding, with damage already sustained to prefabricated modules and air conditioners stored in them. Additionally, in Bentiu and Malakal, OIOS observed significant underutilization of shelf spaces in the K-span warehouses.

14. UNMISS informed that the soft-skin structures cannot be repaired, and it planned to decommission them and eventually transfer the items to the K-span warehouses. The Unit attributed the underutilization of shelf space to: (i) maintaining a system of storing commodity groups together to better account for them; and (ii) in Malakal because most of its inventory was composed of bulky items that could not be easily stored on shelves. Action was being taken to reduce the underutilization.

15. The delays in the construction of one of the K-span's and use of another for medical purposes meant that transport spare parts and general supplies were stored in sea containers and the damaged soft-skin structures. Spare parts included items made of rubber and polythene that were easily damaged in excessive heat and humidity. Additionally, OIOS inspection showed that a large stock of printer paper valued at about \$372,000 procured in 2017, 2019 and 2020 and kept in sea containers and soft-skin warehouses were no longer usable due to the damage they suffered. The storage of items in poor warehouse conditions resulted in unnecessary wastage and thus financial loss. UNMISS subsequently informed that the electrical works was completed on 30 October 2021 and general supply inventory items were being transferred to the K-span.

**(1) UNMISS should place sea containers on raised bases to mitigate risk of inventory being damaged by water.**

*UNMISS accepted recommendation 1 and stated that Centralized Warehouse Unit was in the process of identifying sea containers to be elevated and the Engineering Section will produce the blocks for mounting the sea containers. Recommendation 1 remains open pending receipt of evidence that sea containers at risk of being flooded are raised on blocks to safeguard inventory against water damage.*

#### Warehouse security needed improvement

16. The Security Section conducted ad hoc security risk assessments (SRAs) of the Mission's logistic bases between January 2017 and December 2019, with these assessments identifying a high risk of unauthorized and/or forceful entry into the bases with the intent to steal inventory. UNMISS implemented in some locations the recommended preventive and mitigating measures such as identity card readers at access gates, increased lighting at night, deploying permanent private security guards and installing closed circuit television (CCTV) cameras around the warehouse storing ICT items. These security improvements helped UNMISS reduce loss through theft and to identify individuals who entered the bases without authorization. For instance, an intruder was caught in April 2021 during a theft of 12 laptops.

17. However, further attention was needed to implement all SRA recommendations to strengthen security measures. UNMISS informed that delays in implementation was because: (a) engineering works needed to be done during the dry season; (b) there was a lengthy process to purchase the required security equipment; and (c) it had prioritized the construction of the K-span warehouses. These delays meant that: (i) in Juba, the CCTV had not yet been installed to cover four warehouses and the perimeter fence had not been increased to the required height; and (ii) in Bentiu, the logistics base had not been fenced off with entry and exit gates established, the perimeter fence around the compound needed to be more secure, overgrown bushes cleared, and the lighting improved.

18. Moreover, OIOS physical inspection of the logistic bases in Juba, Malakal and Bentiu identified a high number of written off empty sea containers occupying a substantial part of the operating space. This was because the Transport Section had not availed heavy duty forklifts to the Centralized Warehouse Unit

to remove them as the forklifts were needed for other Mission priorities. Consequently, the sea containers increased security risk, as they obscured visibility of security guards at night. It also meant that due to unavailability of space inside the logistics bases in Juba and Malakal some sea containers storing inventory were kept outside the logistic bases (although still within the UNMISS camp) exposing such stock to a higher risk of loss through theft, as they were not subject to the same heightened security measures. Loss through theft was reported including laptops and stationery.

19. UNMISS informed that it will assess the feasibility of removing some of the empty sea containers, and in Malakal 169 sea containers have already been identified for write-off.

**(2) UNMISS should implement the recommendations of the security risk assessments to strengthen security measures and reduce risk of loss through theft.**

*UNMISS accepted recommendation 2 and stated that the Mission will complete the installation of CCTV in Tomping within the 2021/22 fiscal year. UNMISS further stated that the implemented risk assessments at field offices included: (a) strengthening the entrance gates to the warehouses; (b) improvement of lighting; (c) assigning additional security guards; and (d) frequent patrols during non-working hours. Recommendation 2 remains open pending receipt of evidence that SRA recommendations for warehouses are implemented including the installation of CCTV in Tomping.*

## **B. Receiving and inspection**

### Receiving and inspection of goods was appropriately done

20. UNMISS constituted joint inspection teams comprising staff from the Receiving and Inspection Unit, technical sections and the Centralized Warehouse Unit to inspect and accept only those goods that met the quantity ordered and quality specifications.

21. OIOS review of a randomly selected sample of receiving and inspection actions of purchase orders valued at \$3.2 million found that the process was functioning effectively. The team ensured: (a) timely receiving and inspection of goods; (b) all requisite members of the joint inspection teams participated in inspections; (c) discrepancy reports were generated in the four instances where the quality or quantity of the goods received did not match those purchased; (d) Umoja records were promptly updated; and (e) all items had correct product identity (PIDs) numbers to facilitate inventory management, except four receipts with generic PIDs that were items procured for immediate use.

22. As of 31 August 2021, available reports from the Office of Supply Chain Management (OSCM), DOS showed that receiving and inspection actions were pending for 343-lines items in 25 purchase orders that had been virtually received from the vendors for an average of 66 days. This was because the items had not yet been physically received in the Mission due to delays in shipping caused by host government administrative bottlenecks and import restrictions. UNMISS was working to resolve this.

## **C. Warehousing operations**

### Need to resolve incompatible Umoja user roles

23. Due to inadequate monitoring controls over user role provisioning, five staff had incompatible goods distribution roles. These included three staff having both the physical receiving/virtual receiving and requisitioner/acquisitioner roles. One staff had both a planner and order release role while one staff had user and approver roles. Also, two staff had receiving roles even though they were not assigned receiving

and inspection functions. While OIOS did not observe any misuse of the incompatible user roles in processing transactions, there is a risk of inappropriate use and therefore, action is required to deprovision conflicting roles.

24. Additionally, four Centralized Warehouse Unit staff had inventory senior user role intended for staff of technical sections to enable them to approve stock reservations. The four Centralized Warehouse Unit staff approved in Umoja 61,444 of 118,565 stock issuances (representing 52 per cent of the issuances in the period). This approval should have been done by technical section staff. The Chief of Centralized Warehouse Unit advised that the four Centralized Warehouse staff were assigned reservation approval roles to avoid delays in issuing stock because engineering, general supply and medical sections did not have trained staff with reservation approval roles. Given the adequate staffing levels, OIOS view is that incompatible user roles could be avoided.

25. Following the audit, on 8 November 2021, UNMISS reviewed the current provisioning of incompatible Umoja user roles and removed/resolved incompatible roles for four staff. The incompatible roles of six staff were retained as they were deemed necessary for effective operations, but supervisory controls were established. OIOS confirmed that exercise of the retained incompatible roles was subject to an additional review by the Service Chief.

**(3) UNMISS should train responsible technical sections staff on the stock reservations approval process in Umoja.**

*UNMISS accepted recommendation 3 and stated that the training of technical section staff on the stock reservation approval process in Umoja would be implemented in the current (2021/22) fiscal year. Recommendation 3 remains open pending receipt of evidence that technical section staff have been trained on the stock reservation approval process in Umoja and have taken over the approving stock reservations in Umoja.*

There was a need to identify and reduce excess/obsolete stock items

26. As of 30 June, OSCM and Umoja inventory reports showed that UNMISS's inventory of \$55.6 million included \$25 million (45 per cent) classified as dead stock<sup>2</sup> and \$28 million deemed adequate for the Mission's operations for more than a year.

27. The Asset Management Unit was preparing and sending quarterly inventory management and ageing analysis reports to technical sections and alerting them of overstocking and urging them to review their inventory and take appropriate actions such as declaring surplus inventory. Technical sections informed that excess stocks were necessary to be prepared for unforeseen events and to avoid inventory stock outs. This was because of the long period it took for procured items (average of seven months) to be delivered to the Mission. This was exasperated by delays in the supply chain due to COVID-19. The Chief of Field Technology Section explained that due to delays, implementation of some projects such as the Radio-Frequency Identification project and installation of internet protocol telephones could not be completed. Consequently, ICT items linked to these projects were not issued from inventory. Also due to work restrictions following COVID-19, renovation/replacement of UNMISS camps and infrastructure were not undertaken with related materials such as defense barriers, water treatment plants and prefabricated bathrooms not being issued from stock.

28. Notwithstanding the need for the Mission to maintain safety stocks due to prolonged delivery periods, there were many items (pipes, ropes, chains, cables and waste containers) that based on current

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<sup>2</sup> Dead stock is defined as any item for which no transaction has occurred for a year or longer



usage would remain in storage for at least three years. Also, there were other items that had been held for at least two years such as medical products and ICT equipment totaling \$2.2 million that were at a high risk of expiring or becoming obsolete. For instance, as of 31 July 2021, UNMISS had 18 computer servers valued at \$201,996 that had been in stock for 30 months (or 62 per cent) of their expected useful life of 48 months. Also, since these items were often stored in sea containers without controlled temperature, their condition deteriorated at a faster rate. Additionally, OIOS observed damaged/expired items including printer paper, sandbags, first-aid kits, paints, correction fluids, and defense barriers that were not segregated from good stock.

29. Overstocking continues to be an inherent problem in UNMISS, and while some levels of excess supplies may be necessary due to delays in deliveries caused by the poor infrastructure in the country, it does not fully explain the high levels of dead stock. Other reasons of overstocking resulted as: (a) Umoja does not have provisions for setting parameters for minimum, maximum and reorder level stock to assist technical units to easily identify potential stockout or building up of excess stock, although an Umoja capability is expected to be launched in April 2022 to assist missions in better planning optimal inventory levels; and (b) technical sections did not regularly review their physical inventory holdings when developing acquisition demand plans to ensure items in stock were considered prior to requesting new procurements.

30. The high levels of unutilized inventory resulted in unnecessary warehouse overhead costs, high levels of resources tied up in inventory and increased risk of stock obsolescence. This issue is being addressed in an audit of demand and source planning in UNMISS, which is currently in progress and therefore, no recommendation is made in this report.

#### Need to strengthen periodic physical verification of inventory and update of Umoja records

31. UNMISS physically verified the existence of 99.95 and 96.67 per cent of non-expendable assets and expendable inventory items respectively in 2019/20 and 99.9 and 91.8 per cent in 2020/21<sup>3</sup>.

32. However, OIOS identified items of expendable inventory items in 186 bin locations valued at \$517,107 (out of 21,490 active bin locations) that had not been physically verified for more than two years. This was attributed to an ineffective sea container location tracking system, as well as sea containers being placed too close to each other limiting access to facilitate physical counts. This issue will be partly addressed once all K-span warehouses are fully operational.

33. Also, 9 out of 45 non-expendable assets valued at \$46,175 that had been classified as “not traced by users” was in this status for an average of 370 days. This is contrary to Department of Management Strategy, Policy and Compliance’s (DMSPC) key performance indicator whereby write-off of assets should be initiated if they cannot be located for up to 120 days. OIOS also noted from the sample tested:

- The value of 60 expendable and 2 non-expendable inventory line items were understated in Umoja by \$205,577. This was because the inventory had not been collected from the warehouses by the end-users although they had been recorded as issued in Umoja. Also, 86 expendable inventory lines items valued at \$103,468 and 28 non-expendable inventories valued at \$18,849 were collected from the warehouse without Umoja records being updated resulting in overstatement of inventory value.
- 86 expendable inventory line items were in different bin locations from that indicated in the Umoja inventory report. This presented difficulties in tracing items for issuance and periodic physical verification.

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<sup>3</sup> Due to COVID-19 pandemic, UNMISS used both user positive confirmation of custody of the assets and physical inspection methods

- 25 non-expendable inventory items valued at \$69,006 could not be physically verified at the time of the audit as they were in transit from one warehouse to another, but Umoja did not record this.
- Umoja records were understated by 42,954 composite rations packs valued at \$958,042 in Juba and Malakal resulting in understatement of inventory value.

34. UNMISS informed that the above was mainly due to delays in up-dating Umoja records due to staffing constraints. However, in OIOS view, additional care was necessary during physical inventory checking to ensure bin location information was accurate and items not found were dealt with in a timely manner. Incorrect data on inventory balances and lack of timely up-dating of records in Umoja increases the risk of purchasing items already in stock resulting in wastage and obsolescence, as well as stock-outs of important items that could impact operations. For instance, UNMISS procured 70,900 printer paper valued at \$229,402 while 40,188 printer paper valued at \$250,773 had been in stock since September 2017.

**(4) UNMISS should: (a) verify inventory items in bin locations that have not been physically verified for over two years; (b) initiate write-off action for items that cannot be located for over 120 days; and (c) strengthen procedures to ensure Umoja records are updated in a timely manner.**

*UNMISS accepted recommendation 4 and stated that Centralized Warehouse Unit ensures that Umoja records on noted exceptions are updated timely and Umoja report extracts will be submitted as evidence of implementation. Recommendation 4 remains open pending receipt of evidence of: physical verification of inventory items on 186 bin locations, completion of write-off action for nine items not located, and updating of Umoja records in respect of noted exceptions during the audit.*

#### Need to strengthen controls over stock issuance

35. OIOS selected a random sample of 526 issue/transfer vouchers for testing valued at \$1.7 million and found that supporting documentation for 55 goods issues/transfers were not available. For those available, the documentation supporting the process needed significant improvement. For instance: (a) 91 issues valued at \$770,364 did not have technical section-approved goods requisition forms to validate that their issuance had been approved; (b) 130 issues valued at \$807,710 did not have staff members' signature to acknowledge that the goods had been received; (c) 148 issues valued at \$399,863 did not have gate passes; (d) 181 issues valued at \$756,306 did not have copy of recipients' identity cards as required; and (e) 25 items valued at \$79,750 were issued before being approved in Umoja. There were also differences between the quantity requested and issued in 436 out of 112,973 stock reservations as periodic reconciliations were not done. As a result, these transactions remained open in Umoja for an average of 408 days as of 30 June 2021.

36. In addition, engineering stock items were issued from warehouses without indicating that they were required for a specific need or project. This was because in August 2019, the Engineering Section instructed engineering field offices to urgently request and receive items from warehouses so that items could be removed from available stocks in Umoja to accommodate the receipt of planned purchases of plumbing materials. The same request was made in April 2020 to make way for the purchase of generator spares. This resulted in excessive quantities of materials being held by technical sections and not in warehouses, increasing the risk of misappropriation and misstatement of inventory value.

37. The above demonstrates that the controls in the issuance of stock from warehouses were very lax. Therefore, management needs to take action to improve its supervision of the process to ensure issuance of inventory from warehouses is properly supported and evidence is obtained that the correct quantity of stocks

issued have been received by the intended beneficiaries (e.g., technical section staff). Without stronger controls in place, there is a high risk of loss of inventory through misappropriation.

38. After the audit, UNMISS informed that efforts will be made to control the usage of items issued in bulk and take appropriate actions to prevent hoarding and misuse. OIOS confirmed that inventory registers are being established to control the use of items and to reduce issuance of bulk stock to technical sections.

**(5) UNMISS should implement effective controls, including increased supervisory review, to ensure procedures for the issuance of stock from warehouses are adhered to and proper supporting documentation is in place.**

*UNMISS accepted recommendation 5 and stated that Centralized Warehouse Unit continues to monitor the stock issuance procedures and will perform monthly spot checks to ensure that the procedures are enforced, and supporting documents are uploaded in Umoja. Recommendation 5 remains open pending receipt of evidence that monthly spot checks are conducted to ensure compliance with the Mission's SOPs for stock issuance and supporting documents are uploaded in Umoja.*

## **D. Health and safety**

### Fire safety measures needed to be enhanced

39. UNMISS instituted measures to safeguard its inventory and mitigate the impact of fire, health and safety risks to staff. This included: adequate signage (emergency exit, no smoking, safe lifting); use of personal protective equipment; installation of car-logs on forklifts to limit their use to trained staff; and conduct of daily occupational health and safety briefings. Warehouse supervisors also monitored warehousing activities to ensure health and safety issues were promptly identified and addressed. UNMISS warehouses were clean, tidy and well organized. Warehouse supervisors prepared monthly occupational health and safety reports that were submitted to Centralized Warehouse management. Such measures have ensured that there were no accidents and/or injuries to staff while on duty.

40. However, measures could be strengthened as warehouses in Bentiu and Juba did not have fire/smoke detectors and the Fire Safety Unit did not conduct fire safety assessments/inspections for those warehouses in Juba in the audit period even though it had the most inventory. Also, only 4 out of the required 16 fire evacuation drills in Juba and only 1 of the expected 4 in Bentiu were conducted. Fire extinguishers in Juba and Bentiu were either discharged or did not have nozzles, rendering them unfit for purpose. For instance, 3 of the 4 fire extinguishers in a K-span warehouse in Bentiu were discharged. There was no evidence of regular inspection of fire extinguishers increasing health and safety risks to staff, as well as damage to United Nations property.

41. UNMISS informed that regular inspection of fire extinguishers and fire safety activities were not conducted due to staffing constraints and COVID-19 movement restrictions. After the audit, UNMISS took action to rectify some of fire safety weaknesses noted, including: (a) training on basic fire safety to 29 warehouse staff in Juba on 12 November 2021, and 5 staff in Bentiu on 9 November 2021; and (b) conducting of fire risk assessment in Juba on 27 October 2021 and in Bentiu on 9 November 2021. A fire evacuation drill was conducted in Bentiu on 9 October 2021. The Chief Centralized Warehouse Unit indicated that the Unit was developing the statement of works for the procurement of the fire/smoke detection alarm system at a cost of \$350,000.

**(6) UNMISS should expedite the procurement of fire/smoke detection alarm systems to further mitigate health and safety risks.**

*UNMISS accepted recommendation 6 and stated that the solicitation stage of the procurement of the fire/smoke detection alarm system is ongoing. Recommendation 6 remains open pending receipt of evidence of procurement and installation of fire/smoke detection alarm systems.*

## **E. Property disposal activities**

### Written off assets and scrap were appropriately disposed of

42. UNMISS had established three contracts for the disposal of scrap/written off assets in an environmentally friendly manner. During the audit period, UNMISS wrote off 17,857 assets with a depreciated value of \$2.8 million. Reasons cited for write off included normal wear and tear, reported loss, asset defective or obsolescence. The assets written off (except 157 assets reported lost/stole) were either donated or sold. For instance, (a) 29 assets with a net book value of \$65,764 were donated to the host government after approval by the Director of Mission Support; and (b) those assets scraped were sold, under a competitive process, to the highest bidder for \$558,549. UNMISS ensured contractors paid the required customs tax to the host government and \$558,549 was paid to UNMISS before the scrap/assets were collected from the Mission's premises. Items sold included sea containers, vehicles, scrap metal, used tyres, electronic waste and batteries. The Property Disposal Unit advised that contractors appropriately recycled and refurbished some of these items for resale.

43. The asset write-off and disposal actions were appropriately supported by the respective technical sections' damaged/discrepancy reports, board of survey reports, documents of approval by the designated officer or the Director of Mission Support and disposal certificates. OIOS concluded that controls over the asset write-off process and subsequent disposal actions were undertaken effectively.

## **F. Warehouse performance management**

### Need to address delays in stock issuance

44. DMSPC property management performance reports for the quarters ended 30 June 2020 and 30 June 2021 showed that UNMISS achieved the maximum points in both property accountability and stewardship. The report evaluated key warehouse performance indicators such as timelines of receipt of goods, verification of both expendable and non-expendable inventory, and timelines of reconciliation of discrepancies. In addition, the DOS supply chain performance report of 30 June 2021 showed that UNMISS took an average of three days to complete reservation, picking and goods issue (warehouse responsiveness) compared to the peacekeeping average of about eight days and perfect quantity (warehouse reliability) of 99 per cent.

45. However, the DOS supply chain performance report of 30 June 2021 indicated the Mission scored a low perfect time delivery of 44 against possible 100 per cent. To address this shortfall in timely issuance of requested inventory, the Centralized Warehouse Unit signed the service level agreement with technical sections on 22 July 2020 outlining timelines for completion of key warehousing tasks including timely delivery. As UNMISS was taking action to address the shortfall noted, OIOS is not making a recommendation.

#### **IV. ACKNOWLEDGEMENT**

46. OIOS wishes to express its appreciation to the management and staff of UNMISS for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of centralized warehouse management in the United Nations Mission in the Republic of South Sudan

Rec. no.	Recommendation	Critical <sup>4</sup> / Important <sup>5</sup>	C/ O <sup>6</sup>	Actions needed to close recommendation	Implementation date <sup>7</sup>
1	UNMISS should place sea containers on raised bases to mitigate risk of inventory being damaged by water.	Important	O	Receipt of evidence that sea containers at risk of being flooded are raised on blocks to safeguard inventory against water damage.	31 December 2021
2	UNMISS should implement the recommendations of the security risk assessments to strengthen security measures and reduce risk of loss through theft.	Important	O	Receipt of evidence that SRA recommendations for warehouses are implemented including the installation of CCTV in Tomping.	30 June 2022
3	UNMISS should train responsible technical sections staff on the stock reservations approval process in Umoja.	Important	O	Receipt of evidence that technical section staff have been trained on the stock reservation approval process in Umoja and have taken over the approving stock reservations in Umoja.	30 June 2022
4	UNMISS should: (a) verify inventory items in bin locations that have not been physically verified for over two years; (b) initiate write-off action for items that cannot be located for over 120 days; and (c) strengthen procedures to ensure Umoja records are updated in a timely manner.	Important	O	Receipt of evidence of: physical verification of inventory items on 186 bin locations, completion of write-off action for nine items not located, and updating of Umoja records in respect of noted exceptions during the audit.	30 June 2022
5	UNMISS should implement effective controls, including increased supervisory review, to ensure procedures for the issuance of stock from warehouses are adhered to and proper supporting documentation is in place.	Important	O	Receipt of evidence that monthly spot checks are conducted to ensure compliance with the Mission's SOPs for stock issuance and supporting documents are uploaded in Umoja.	30 June 2022
6	UNMISS should expedite the procurement of fire/smoke detection alarm systems to further mitigate health and safety risks.	Important	O	Receipt of evidence of procurement and installation of fire/smoke detection alarm systems.	30 June 2022

<sup>4</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>5</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>6</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>7</sup> Date provided by UNMISS in response to recommendations.

# **APPENDIX I**

## **Management Response**

**UNITED NATIONS**

United Nations Mission  
in South Sudan



**UNMISS**


**NATIONS UNIES**

Mission des Nations Unies  
en Soudan du Sud

Date: 6 December 2021

To: Ms. Eleanor T. Burns  
Director, Internal Audit Division, OIOS

Through: Ms. Fatoumata Ndiaye  
Under-Secretary-General for Internal Oversight  
Services

From: Nicholas Haysom   
Special Representative of the Secretary-General  
United Nations Mission in the Republic of South  
Sudan

Subject: **Management Response to the draft report of an Audit of Centralized Warehouse  
Management in the United Nations Mission in the Republic of South Sudan  
(Assignment No. AP2020-633-07)**

1. UNMISS acknowledges receipt of the draft report from OIOS on the Audit of Centralized Warehouse Management dated 22 November 2021.
2. Please find attached the Management Response to the recommendations as indicated in Appendix I.
3. Thank you for your consideration and support.

cc: Ms. Maria Costa, Director of Mission Support, UNMISS  
Mr. Matthew Carlton, Chief of Supply Chain Management Service, UNMISS  
Col. Mohammad Monir Hossain Patwary, Chief of Warehouse and Commodity  
Management Section, UNMISS  
Mr. Vladimir Danileyko, Chief of Warehouse Unit, UNMISS  
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## Management Response

**Audit of centralized warehouse management in the  
United Nations Mission in the Republic of South Sudan**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNMISS should take action to place containers on raised bases to mitigate risk of inventory being damaged by water.	Important	Yes	Chief, Centralized Warehouse Unit/ Chief, Engineering Section	31 Dec. 2022	The Centralized Warehouse Unit is identifying containers to be elevated and Engineering Section will produce the blocks for mounting the containers.
2	UNMISS should implement the recommendations of the security risk assessments to strengthen security measures and reduce risk of loss through theft.	Important	Yes	Chief, Centralized Warehouse Unit (Primary)  Chief, ORMS (Secondary - for the field offices)	30 June 2022	Regarding the CCTV system, UNMISS will complete the installation of CCTV systems in Tomping within the current (2021-2022) financial period. Presently, the solicitation exercise is on-going.  At the Field Offices, security risk assessments have been implemented and some of these measures included: (a) strengthening the entrance gates to the warehouses; (b) improvement of lighting; (c) assigning additional security guards; (d) frequent patrols during non-working hours, etc. The Field Office at Bentiu has improved the lighting at the logistics base while the perimeter fence is still pending completion.

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

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Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	UNMISS should train responsible technical sections staff on the stock reservations approval process in Umoja.	Important	Yes	Chief, Service Delivery	30 June 2022	The Mission accepted this recommendation on the training of responsible staff from the technical sections on the stock reservations approval process in Umoja. It will be implemented within the current (2021-2022) financial period.
4	UNMISS should take action to: (a) ensure the inventory items in bin locations not physically verified for over two years are verified as required; (b) initiate write-off action for nine items that cannot be located for over 120 days; and (c) implementing supervisory reviews to ensure Umoja records related to the noted exceptions are updated in a timely manner.	Important	Yes	Chief, Centralized Warehouse Unit	30 June 2022	The Centralized Warehouse Unit ensures that Umoja records on exceptions are updated in a timely manner. Umoja extracts will be submitted as evidence of implementation.
5	UNMISS should implement effective controls, including increased supervisory review, to ensure procedures for the issuance of stock from warehouses are adhered to and proper supporting documentation is in place.	Important	Yes	Chief, Centralized Warehouse Unit	30 June 2022	The Centralized Warehouse Unit continues to monitor these procedures and will perform monthly spot checks to ensure that they are enforced, and supporting documents are uploaded in Umoja.
6	UNMISS should expedite the procurement of fire/smoke detection alarm systems to further mitigate health and safety risks.	Important	Yes	Chief, Centralized Warehouse Unit	30 June 2022	Presently, the FDAS Solicitation exercise is ongoing.